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TAGS: [ECIN](#) [ECON](#) [PREL](#) [ETRD](#) [USTR](#) [JM](#)
SUBJECT: JAMAICA: MEETING WITH CRNM DIRECTOR GENERAL
AMBASSADOR RICHARD BERNAL

REF: A. SECSTATE 43123
[1](#)B. 06 KINGSTON 1500

Classified By: Ambassador Brenda L. Johnson, reasons 1.4 (b) and (d)

Summary

[1](#)1. (C) On April 11, DCM and Econ met with Ambassador Richard Bernal, Director General of the Caribbean Regional Negotiating Machinery (CRNM). Bernal said that regional leaders recognized that the upcoming Conference on the Caribbean presented an "historic opportunity," that can put the region on Washington's radar. He noted, however, that the region must "make up its mind" whether it wants a Free Trade Agreement (FTA) with the United States. He argued that the USG needed to take a more flexible approach in its negotiations with CARICOM, being mindful of the fragility of their economies, the vulnerability of their goods sectors, and the resource constraints of their governments. Although he saw the current visit of WTO Director General Pascal Lamy as merely a housekeeping stopover, he firmly rejected any suggestion that CARICOM might consider Chavez's ALBA an alternative, either to continuing Doha Round discussions, or to the FTAA. Relations with the USG were still strong, he noted, and he hoped that the Conference would be a reflection of this. End summary.

Conference on the Caribbean

[1](#)2. (C) DCM and Econ met with Ambassador Richard Bernal, Director General of the Caribbean Regional Negotiating Machinery (CRNM) on April 11 (Note: Bernal was recently reappointed to his position for a two-year term. Endnote). Bernal said that regional leaders recognized that the upcoming Conference on the Caribbean (ref. A) presented an "historic opportunity," that can put the region on Washington's radar, if only for a brief time. He lamented that some had been slow to appreciate the significance of it, a fact that he attributed to "regional pride." He said that he has had to point out repeatedly that with the relative size of the United States and Europe, the Caribbean must force themselves onto the agenda, rather than waiting to be approached. The Conference, he said, was their chance.

[1](#)3. (C) Bernal was frank about the dilemma facing the Caribbean: wanting to reap the benefits of free trade while fearful that dismantling protectionist policies would wreak

havoc on their fragile, often one-dimensional, economies. Although it was not explicit, Bernal hinted at a point made in prior meetings with CRNM officials (ref. B): that the smaller Eastern Caribbean states oppose an FTA with the United States due to the loss of tariff revenue to sustain their tiny manufacturing sectors. "Fiscal revenue is what is holding up liberalization," he said, although he felt that moves toward value-added taxation frameworks were mitigating this in certain countries.

¶4. (SBU) He urged the USG to remember the exceedingly local nature of politics in the region. It is much harder, he explained, to realign one's economy to adapt to the global marketplace when the affected industries may be run by your close family or friends.

¶5. (SBU) He also opined that the USG "can afford" more flexibility in their trade negotiations. He preemptively dismissed concerns that this would set a precedent, noting that in certain cases) he cited Paraguay's opposition to CBERA) the USG has no difficulty making exceptions. The Economic Partnership Agreements (EPAs) being negotiated with the European Union have "trade with aid" built into them. He felt that any FTA discussions could have the same.

¶6. (SBU) He asked how the USG saw the upcoming Conference. DCM noted that there were concerns that the region was not sufficiently engaged, and that there needed to be more commitment to the planning process. Bernal expressed confidence that this would be seen in the near future, and said that he would remind CARICOM trade ministers at upcoming meetings of the importance of a successful event.

WTO Director Lamy

¶7. (C) DCM asked about the current visit of WTO Director General Pascal Lamy to speak to Caribbean trade ministers. Bernal characterized the visit as a generic "greasing the wheels" stopover. He noted that Doha Round negotiations had stalled, at least in part because the smaller economies felt that the development goals of the round were in danger of being overlooked. He said that he expected to hear nothing to convince him that the talks could be resurrected in any meaningful sense. That being said, he hoped that he might be mistaken: "We're here to listen, and to reiterate our concerns," he said.

ALBA vs. FTAA?

¶8. (C) Bernal laughed at any mention that the region might consider ALBA a viable alternative, however. "ALBA will never leave the shores of Venezuela," he said. He agreed with DCM that the Summit of the Americas meeting in Port of Spain, scheduled for 2009, might present an opportunity to reenergize FTAA talks, but noted that the current USG policy of negotiating "one by one" will eventually bear fruit, as countries see those around them reaping the benefits, and asking to come aboard.

¶9. (C) Bernal went a step further in discussing PetroCaribe. He noted that cash-strapped economies with a high dependence on imported oil had little choice but to accept the deal, but stated that he saw "no evidence" that Venezuelan influence in the region was deepening.

¶10. (SBU) DCM noted that perhaps it was an opportune time for Jamaica to explore deeper relations with the Mexican government of Felipe Calderon. A vast potential alternative source of energy exists, if it can be unlocked. Bernal noted that Jamaica used to have very strong relations with Mexico, but said that Mexican-CARICOM engagement was "nonexistent" at the present time. He agreed that there may be value to reopening lines of communication.

Deepening engagement?

¶11. (SBU) Characterizing CARICOM-USG relations as "still warm," he nevertheless felt that operationally there was room for improvement. He expressed his opinion that CARICOM does not expend enough effort utilizing the mechanisms available in Washington to lobby for their needs (Note: Bernal worked in Washington for eleven years, most recently as Jamaican Ambassador to the United States and Permanent Representative to the OAS, from 1991 to 2001. Endnote).

¶12. (C) In a specifically Jamaican context, Bernal worried that there was little vision for the medium and long-term. While he noted that Finance Minister Omar Davies had been the stabilizing force that the country needed in the wake of the financial crises of the mid-1990s, he said that now was the time to move from stabilization to growth. The potential was there to attract continued and extensive investment, but excessively high interest rates were acting as a damper on local entrepreneurs and prohibiting higher growth levels. He saw Davies as an "accountant" with little appetite for risk, at a time when Jamaica needs to move away from its flat, safe policies.

Comment

¶13. (C) Bernal is a candid and forthright interlocutor, who also has much experience in dealing with the USG. In private discussions in the past, Bernal has hinted that he favors an FTA with the United States, but he is hindered by the regional scope of his position. In our meeting, he noted several times that CARICOM has been slow to embrace globalization, and that in his role "sometimes you have to wait to let your stakeholders catch up, or else they will think you do not represent them." Bernal's point seemed to be that the region was not quite ready for an FTA, but that the movement was decidedly in that direction. If Caribbean Basin Initiative (CBI) benefits were extended, it would give CARICOM time to put the structures in place that would allow

for fruitful FTA discussions. Indeed, he noted, the EPAs with Europe were helping in this way.

JOHNSON